

COMPLIMENTS OF

Cabanga Developments Limited

Now Palliser Petroleums Ltd.

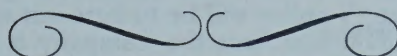
F

*Matthews & Company*  
*Limited*

ESTABLISHED 1909

220 BAY STREET

TORONTO 1, CANADA

CALLED FOR TRADING  
TORONTO STOCK EXCHANGE-FEBRUARY 1, 1957**CABANGA DEVELOPMENTS LIMITED****FIFTH ANNUAL REPORT**

FEB 4 1957

**HEAD OFFICE**

3100 Bank of Commerce Building  
25 King Street West  
Toronto, Ontario

**DIRECTORATE**

E. F. Creelman	President and Director
W. Allan Dymont	Vice President and Director
N. E. Phipps	Secretary and Director
F. D. Lace	Director
H. L. Coons	Director

**AUDITORS**

Strickland, Gower and Hogg

**REGISTRAR AND TRANSFER AGENTS**

The Toronto General Trusts Corporation  
253 Bay Street, Toronto



## CABANGA DEVELOPMENTS LIMITED

To the Shareholders of

### CABANGA DEVELOPMENTS LIMITED:

We present herewith the Report of your Company for the twenty-one months ended September 30th, 1956, together with financial statements, the Auditors' Report, location maps of the Company's holdings in the Bindloss-Buffalo Gas Area in Alberta, and a location map of various claim groups owned or partially owned by your Company in the New Brunswick Mining District.

The success which has attended the exploratory and development efforts of Cabanga, since its inception, is highly gratifying. The Bindloss Gas Field is being readied for production and there is every reason to believe and hope that a commercial ore body will be developed on the Kennco-Cabanga property in New Brunswick. Besides the above mentioned mining property your Company has five other claim groups in the Bathurst area, all well located structurally. Also of interest at this time is its Athabasca Tar Sands project.

Please note that there has been an increase in the number of shares issued. During the period 176,801 shares were sold to net the Company \$265,201.60. At the same time, an option was granted on 100,000 shares at \$1.75 per share and 100,000 shares at \$2.00 exercisable within 60 and 90 days. These option dates have since been extended for three months. Originally these options were three and six months from August 21, 1956.

Although a more aggressive exploration and development program will be undertaken during the coming year, when possible the Company's policy will be to farm out or deal off the mining claim groups in New Brunswick. In the Bindloss-Buffalo Gas Area the Company is faced with preparations for the sale of gas to Trans-Canada. A program of production testing is under way, a gathering system will have to be built, and enough gas wells will have to be drilled to keep the gas licenses in good standing and to evaluate as far as possible with a restricted program, the extent of the gas reserves.

The various projects, holdings, etc., are discussed in some detail below.

### EVALUATION SUMMARY

Cash .....		\$ 323,498.30
Bonds (Dominion of Canada)—market value .....		97,500.00
Accrued interest on bonds .....		750.00
Receivables .....		2,162.90
Marketable securities (listed stocks) .....		29,449.00
Liabilities .....		(9,933.26)
Athabasca Tar Sands acreage .....		1.00
New Brunswick Mining Properties .....		1.00
	<b>Cash or Equivalent .....</b>	<b>\$ 443,428.94</b>
*Oil—68,218 bbls. @ \$1 per bbl. ....		\$ 68,218.00
*Gas—Proven 19.08 MMMcf @ 4c per Mcf .....		763,200.00
*Gas—Probable additional 13.76 MMMcf @ 2c per Mcf .....		275,200.00
	<b>Total .....</b>	<b>\$1,106,618.00</b>

**\*\*A grand total of \$1,550,046.94 or \$2.55 per share**

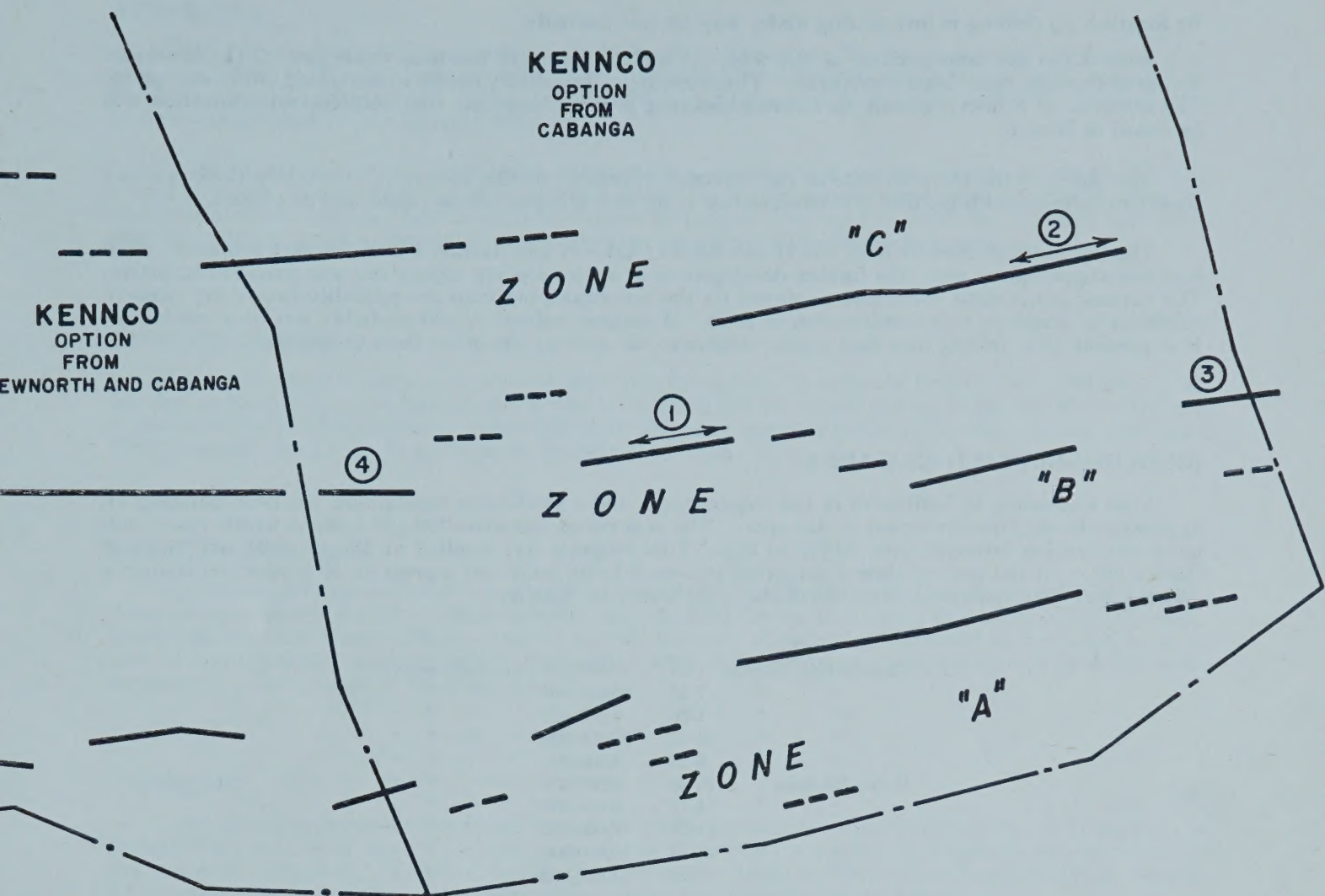
The above summary deals only with measurable tangible assets. It should be appreciated that a dollar evaluation of a partially developed gas field may be subject to wide changes, as a result of which the best approach is to take all known current factors into consideration and then attempt to err on the conservative side. As the exploration picture unfolds under these circumstances, the normal trend should be towards higher valuation.

Until enough ore of commercial grade is developed to warrant production plans it is impossible to put any valuation on the mining property in New Brunswick now being drilled by Kennco Exploration (Canada) Ltd.

\* Estimates by Dr. J. C. Sproule, Calgary consultant.

\*\* If current land prices were put on undeveloped gas and oil acreage in the Buffalo Bindloss Area and on the Athabasca Tar Sands Permit, the present break-up value of Cabanga shares would be well above \$3.00 per share. If the deal under discussion on the Tar Sands Permit is consummated, that alone would add well over fifty cents per share.





LOCATION MAP  
SHOWING

## SOUTH HALF OF CABANGA PROPERTY SOUTH EAST CORNER CABANGA - NEWNORTH PROPERTY

SCALE 1 INCH = 1000 FEET

①	TESTED BY DIAMOND DRILLING 10 HOLES	④	DRILLING
②	TESTED BY DIAMOND DRILLING 4 HOLES	×	SURFACE SHOWING
③	TESTED BY DIAMOND DRILLING 2 HOLES	—	GEOPHYSICAL ANOMALIES

### NEW BRUNSWICK

#### Kennco-Cabanga Property

Although results to date are most encouraging, not enough work has been done to make an intelligent appraisal of this discovery. Sixteen drill holes have been put down with varying results.

Some drilling has been done at four locations. At location (1) ten holes were drilled with widths of up to forty-eight feet. There is also considerable difference in grade from hole to hole. Assays are available from six of the holes only. These holes returned as follows:

		Silver oz %	Copper %	Zinc %	Lead %
Hole 1	14.8 feet.....	1.6	0.65	5.1	1.4
" 2	28.0 feet.....	1.05	0.7	2.72	1.36
" 3	Off structure.				
" 4	48.1 feet.....	0.55	0.54	1.38	0.61
" 5	3.1 feet.....	1.53	0.55	1.93	1.26
" 5	36.7 feet.....	0.12	0.29	1.05	1.75
" 6	17.3 feet.....	3.24	0.35	10.90	2.96
" 6	4.3 feet.....	2.96	0.38	4.32	2.10
" 6	43.0 feet.....	0.58	0.35	3.00	0.85

At location (2) four holes have been drilled. The first three had disseminated mineralization which probably means low grade material. The fourth hole was east of the anomaly and showed no mineralization.

At location (3) two holes have been drilled, one under the other. Each hole cut thirty feet of massive sulphides.



At location (4) drilling is just getting under way on this anomaly.

Zone A has not been touched in any way. A surface discovery has been made just off the Southeast corner of the Cabanga-Kennco property. This showing will probably not be investigated until next spring. The presence of a heavy gossan on the neighbouring property suggests that sulphide mineralization will be found in Zone E.

The above is the story to date of the exploration results on this property. Certainly there is every reason to believe and hope that a commercial orebody or orebodies will be found and developed.

The initial discoveries at both the Heath Steele (AMCO) and Middle River-Conwest properties were lead-zinc-copper-silver ore. On further development at each property copper ore was found in quantity. The various geophysical anomalies as shown on the accompanying map are probably caused by massive sulphides or graphite, or a combination of both. A copper orebody would probably not be a conductor. It is possible that drilling may find a zone similar to the ones at the other three properties.

## BINDLOSS-BUFFALO GAS AREA

Your Company, in fulfillment of the requirements under gas license regulations, has been pursuing an aggressive development program in this area. The area comprises some 259,620 acres in which your Company has varying interests from 4½% to 9%. This program has resulted in 22 gas wells and 1 oil well (heavy oil). At the present time a gathering system is being built and a program of production testing is under way. The open flow potential of the wells tested to date is:

Chamberlain Bindloss	7-13	10,000,000 cubic feet per day				
"	"	7-24	20,500,000	"	"	"
"	"	1-33	6,500,000	"	"	"
"	"	10-22	30,000,000	"	"	"
"	"	6-28	9,800,000	"	"	"
Bailey Bindloss	10-20	8,600,000	"	"	"	"
"	"	11-17	9,500,000	"	"	"
"	"	11-18	12,000,000	"	"	"
"	"	11-19	14,900,000	"	"	"
"	"	6-29	11,000,000	"	"	"

Cabanga has been advised that the only gas supply to Trans-Canada Pipeline for the first eighteen months of operation will come from the Bindloss field. Trans-Canada have agreed to purchase 21½ million cubic feet per day from these wells. From the indicated open-flow potentials in the tested wells, easy fulfillment of Trans-Canada's needs seems assured without any further development drilling. Bindloss may be called upon for requirements considerably in excess of the 21½ Mcf per day. The line has to be filled from the Alberta border to Winnipeg, good progress is being made in finding additional markets in Winnipeg and there is still the possibility that gas may be exported into the Mid-Western States. It is doubtful that the Trans-Canada Line will reach Eastern Canada markets until 1959.

## THE MALMO OIL FIELD

Cabanga's fifteen per cent interest in three oil wells (four producing horizons) in the Malmo Field is netting the Company approximately \$1,200.00 a month. Because of a cut in the monthly allotments this is down somewhat from last year. The recovery factor and allowables in the future will govern the life of these wells, but from their performance to date, periodic testing of bottom hole pressure, etc., a long and profitable life for this field seems assured.

## NEW BRUNSWICK

In the Bathurst-Newcastle mining district, besides the two properties under option to Kennco Exploration (Canada) Ltd. Cabanga has four large claim groups (see accompanying location map). Geologically these properties are as well located as any in the area. All are untested but an exploration program will get under way within a few weeks.

The copper prospect mentioned in the Interim Report dated October 7, 1955, was thoroughly explored during the past summer. This property was dealt to one of The Western Selection Trust companies. Although nothing of any economic importance was found, approximately \$65,000 was spent. Their option has been dropped and the claims forfeited.

It is possible at this time to deal off all of the four strategically located properties presently held by your Company. Because of the large amount of money needed to test these properties (a minimum of \$160,000), as a matter of policy they will probably be farmed out to various mining companies. It is possible that one of the properties will be retained and developed by Cabanga.

In the Kennco properties, discussed in some detail elsewhere in this report, your Company has a 12¾% carried interest in the Cabanga-Kennco property and will receive 323,750 shares of a three-million share company in the Cabanga-Newnorth claim group.



## **ATHABASCA**

The Company has a 22.5% interest in an Oil Sands Permit in the Tar Sands Area of Athabasca. This acreage (50,000) is directly across the river from the Bitumont experimental plant now being operated by the Can-Amara-Royalite Group. This land has river frontage and compares favourably in location, etc., to any acreage held by the major companies.

In recent weeks interest in this great oil deposit has gained great impetus in light of the troubled oil situation in the Middle East. A deal is under discussion at the present time with one of the major oil companies. This company has an oil shale extraction process developed to treat the Colorado Oil Shales and they are interested in testing its application to extraction in the bituminous sands.

## **BINDLOSS-BUFFALO**

Cabanga's share of existing contracts with the Trans-Canada calls for delivery of 1,330,000 cu. ft. per day at 10¢ per Mcf; the second year's take is for 1,575,450 cu. ft. per day at 10.25¢ per Mcf. There is a minimum figure of sixty-five per cent (65%) of the daily contract quantity in effect during such year. The Company should net 6¢ per Mcf on the sale of this gas.

## **ALBERTA-MONTANA**

No further development has been carried out elsewhere in Alberta and Montana where the Company has varying interests, i.e., the Viking-Kinsella area, the Red Coulee District in Montana and the Chinook, Hanna-Stettler and Garden Plains areas of central Alberta. Cabanga participated in deep well tests on each of these projects, unsuccessfully. Exploration work is being carried on intermittently in all the areas mentioned. The ground is being retained.

## **WYOMING**

Cabanga has a five percent working interest in 18,306 acres in the Powder River area of Wyoming. A serious attempt is being made to find oil or gas in this district by a number of independents and several of the major oil companies. This land spread checkerboards a large area in Campbell and Sheridan Counties. The entrance fee was small and the acreage has a very low carrying fee per year.

## **NOVA SCOTIA**

A change in the Nova Scotia Petroleum Act made the Company's oil and gas rights too costly to carry. The interest and development on nearby lands came to an end, so it was decided to drop these concessions.

Big Glen Mines Limited, in which Cabanga has a share equity (43,069), are now diamond drilling geophysical anomalies found by aerial geophysical methods and checked by ground geological, geochemical and geophysical methods.

## **SUMMARY AND CONCLUSIONS**

This report is issued for the purpose of providing all pertinent and statistical information available on your Company, and every effort has been made to acquaint the shareholders with the developments which have occurred in the affairs of the Company up to and during the past year.

Cabanga has enjoyed an active and successful period since its inception. Shareholders will appreciate from a study of its varying interests that the positive results to date in no way reflect the real potential of the Company. Much could happen at any time on one or several of the various prospects.

Your directors look to the future with confidence.

Respectfully submitted, on behalf of the Board.

E. F. CREELMAN,

President.

November 21, 1956.





- OIL WELL
- ☼ GAS WELL
- ⊘ ABANDONED WELL
- DRILLING
- ▤ OIL & GAS
- GAS LEASE OR GAS LICENSE
- HB HUDSON BAY COMPANY

- 4 1/2 %  BAILEY PROJECT
- 5 %  EXPORT GAS PROJECT
- 2 %  EXPORT GAS PROJECT
- 9 %  CHAMBERLAIN-BUFFALO PROJECT
- 4 1/2 %  CHAMBERLAIN-BINDLOSS PROJECT





ALBERTA GAS LANDS UNDER DEVELOPMENT

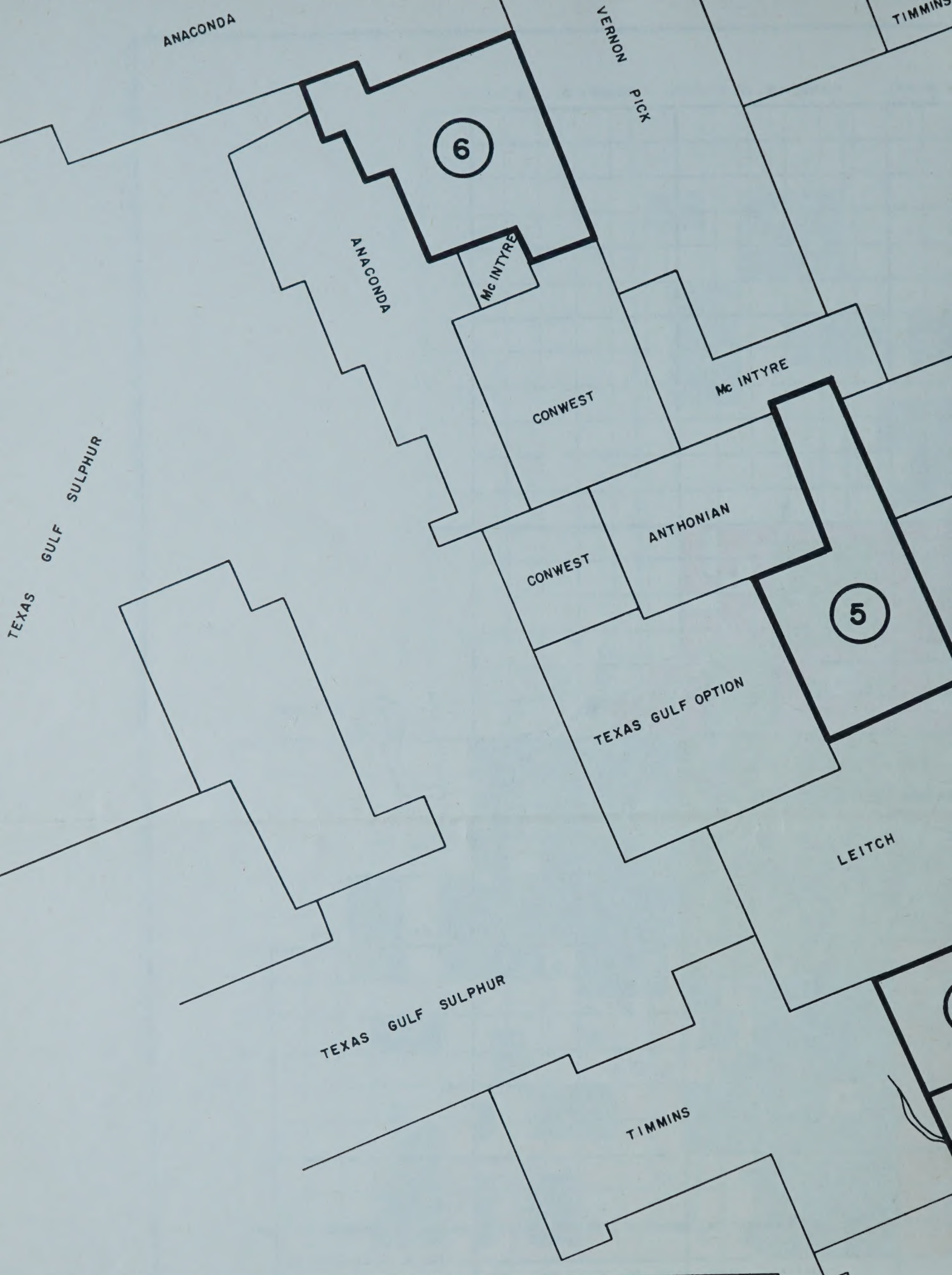
CABANGA DEVELOPMENTS LIMITED

& ASSOCIATES

SCALE



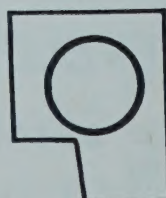




PROPERTY MAP  
OF

NEW BRUNSWICK MINING AREA

CABANGA CLAIM GROUPS



CABANGA DEVELOPMENTS LIMITED

SCALE 1 INCH = 1 MILE







**CABANGA DEVELOPMENTS LIMITED**  
(Incorporated under the Laws of the Province of Ontario)

**BALANCE SHEET AT SEPTEMBER 30, 1956**

**ASSETS**

**CURRENT ASSETS:**

Cash.....		\$309,621.36	
Cash on deposit with member broker of the Toronto Stock Exchange.....		13,876.94	
Accounts receivable—trade.....		2,162.90	
Government of Canada bonds, at cost.....	\$98,750.00		
(Approximate market value \$97,500.00)			
Accrued interest.....	750.00		
		99,500.00	
Other marketable securities, at cost—Schedule “A”.....		15,002.22	
(Approximate market value \$29,449.00)			\$440,163.42
Shares in other mining companies, at cost less proceeds of disposals.....			5,569.74
Company's portion of exploration deposit with the Department of Mines and Minerals, Province of Alberta....			12,500.00
Unexpended portion of deposits for development expenditures.....			2,889.07

**Fixed Assets, at cost less provisions—Schedule “B”**

Oil and gas properties:			
Acquisition costs.....	\$80,944.80		
Less: Accumulated provision for amortization.....	16,726.46		
		\$ 64,218.34	
Production equipment.....	15,359.46		
Less: Accumulated provision for depreciation.....	8,847.68		
		6,511.78	
Development expenditures.....		134,109.04	
		204,839.16	
Mining properties:			
Development expenditures.....		412.46	
			205,251.62
Interest in mining claims at nominal value.....			1.00
Incorporation expense.....			1,330.90

Approved on behalf of the Board:

F. D. LACE, Director

E. F. CREELMAN, Director

\$667,705.75

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accrued expenses.....	\$ 9,933.26
--	-------------

**SHAREHOLDERS' EQUITY:**

Capital Stock (See Notes):

Authorized:

3,000,000 shares of no par value

Issued:

	Shares	
Balance at December 31, 1954.....	430,530	\$385,503.00
Issued for cash during the twenty-one months ended September 30, 1956.	176,801	265,201.50
	607,331	650,704.50

Capital Surplus:

Balance at December 31, 1954.....	\$53,123.04	
Add: Profit on disposal of securities and mining claims.....	20,506.50	
		73,629.54
		724,334.04

Deduct:

Deficit:

Balance at December 31, 1954.....	37,737.41	
Add: Net loss for the twenty-one months ended September 30, 1956, Statement II.....	28,824.14	
		66,561.55

657,772.49

**Notes:**

- During 1955 the authorized capital of 100,000 shares was subdivided into 1,000,000 shares and increased to 3,000,000 shares.
- There are option agreements outstanding for the purchase of shares in the company as follows:  
100,000 shares at \$1.75 per share exercisable until November 21, 1956 (subsequently extended three months to February 21, 1957)  
100,000 shares at \$2.00 per share exercisable until February 21, 1957 (subsequently extended three months to May 21, 1957)  
94,630 shares at \$1.00 per share exercisable until December 31, 1957

\$667,705.75

**Auditors' Report**

The Shareholders,  
Cabanga Developments Limited.

We have examined the balance sheet of Cabanga Developments Limited as at September 30, 1956 and the statement of income and expense for the twenty-one months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of income and expense present fairly the financial position of the company at September 30, 1956 and the results of its operations for the twenty-one months ended on that date.

80 Richmond Street West, Toronto,  
December 3, 1956.

STRICKLAND, GOWER & HOGG,  
Chartered Accountants.



**CABANGA DEVELOPMENTS LIMITED**  
**STATEMENT OF INCOME AND EXPENSE**  
**For the Twenty-one Months Ended September 30, 1956**

**STATEMENT II.**

**INCOME:**

Company's proportion of revenue (\$38,889.06) less operating expenses (\$10,602.53) of producing wells. . . .	\$28,286.53
Deduct: Depreciation of production equipment. . . . .	5,075.14
	<u>23,211.39</u>
Interest earned. . . . .	3,494.10
	<u>\$26,705.49</u>

**ADMINISTRATIVE AND GENERAL EXPENSES:**

Geologists' fees. . . . .	\$ 400.00	
Legal and audit. . . . .	3,448.79	
Miscellaneous. . . . .	206.03	
Office and administrative charges. . . . .	8,400.00	
Printing. . . . .	1,100.92	
Stock exchange fees. . . . .	600.00	
Telephone and telegraph. . . . .	280.07	
Transfer agency fees and expenses. . . . .	1,098.60	
Travelling. . . . .	444.55	
	<u></u>	<u>\$15,978.96</u>

Net income for the period before provision for the undernoted charges. . . . .	10,726.53
Amortization of cost of leasehold interest. . . . .	10,729.35
Unproductive development expenditures written off. . . . .	28,821.32
	<u>39,550.67</u>
Net loss for the period. . . . .	<u><u>\$28,824.14</u></u>

**SCHEDULE "A"**

**OTHER MARKETABLE SECURITIES—SEPTEMBER 30, 1956**

	Number of Shares	Cost	Approximate Market Value
Peruvian Oils & Minerals Limited. . . . .	11,700	\$ 3,447.85	\$17,199.00
Liberal Petroleums Limited. . . . .	5,000	11,554.37	12,250.00
		<u>\$15,002.22</u>	<u>\$29,449.00</u>

**SCHEDULE "B"**

**FIXED ASSETS—SEPTEMBER 30, 1956**

	Acquisition Costs	Production Equipment	Development Expenditures
<b>OIL AND GAS PROPERTIES:</b>			
Bindloss-Buffalo area, Province of Alberta. . . . .	\$ 2,608.86	\$ 1,177.25	\$123,204.81
Wainwright-Kinsella area, Province of Alberta. . . . .			1,774.15
Toole County, State of Montana. . . . .	1,875.00		3,472.27
Malmo area, Province of Alberta. . . . .	71,909.10	14,182.21	
Athabasca area, Province of Alberta. . . . .	400.00		687.50
Powder River area, State of Wyoming. . . . .	4,151.84		4,970.31
	<u>\$80,944.80</u>	<u>\$15,359.46</u>	<u>\$134,109.04</u>
<b>MINING PROPERTIES:</b>			
Parish of North Esk, County of Northumberland, Province of New Brunswick. . . . .			<u>\$ 412.46</u>







TORONTO STOCK EXCHANGE

LISTING STATEMENT

CABANGA DEVELOPMENTS LIMITED

Incorporated under the Ontario Companies Act by Letters Patent dated August 20th, 1945

1. Address of the Company's Head Office and of any other offices:  
Suite 3100, The Canadian Bank of Commerce Building,  
25 King Street West, Toronto, Ontario.
2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Edward Francis Creelman	111 Warren Road, Toronto, Ontario	Geologist and Mining Executive
Vice-President	Walter Allan Dymont	165 Roxborough Street East, Toronto, Ontario	Financial Agent
Secretary-Treasurer	Norman Ernest Phipps	295 Oriole Parkway, Toronto, Ontario	Solicitor
3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Edward Francis Creelman	111 Warren Road, Toronto, Ontario	Geologist and Mining Executive
Walter Allan Dymont	165 Roxborough Street East, Toronto, Ontario	Financial Agent
Fred D. Jenkins	Brew, Jenkins Co., 1st Wisconsin National Bank Building, Milwaukee, Wisconsin, U.S.A.	Stock Broker
Francis Dwyer Lace	29 Hawthorne Avenue, Toronto, Ontario	Stock Broker
Herbert Lindsay Coons	77 Baby Point Road, Toronto, Ontario	Engineer
4. Names and addresses of all transfer agents:  
The Toronto General Trusts Corporation, 253 Bay Street, Toronto 1, Ontario.
5. Particulars of any fee charged upon transfer other than customary government taxes: Nil.
6. Names and addresses of all registrars:  
The Toronto General Trusts Corporation, 253 Bay Street, Toronto 1, Ontario.
7. Amount of authorized capital: 3,000,000 shares.
8. Number of shares and par value: 3,000,000 shares without nominal or par value.
9. Full details of all shares issued in payment for properties or for any other assets other than cash:

June 11, 1954.....	2,000	Issued and allotted to Mr. R. G. Price as remuneration for services in negotiating a contract with Meridian Petroleum Limited with respect to a petroleum and natural gas lease in the Malmo Area, Alberta. (See page 8 for terms of contract.)
Total.....	2,000	

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.



10. Full details of all shares sold for cash.	Date	Number of Shares	Price per share	Amount realized by Company
	August 25, 1945.....	30*	\$0.10	\$ 3.00
	May 2, 1952.....	20,000	1.00	20,000.00
	May 6, 1952.....	223,000	1.00	223,000.00
	May 14, 1952.....	50,000	1.00	50,000.00
	May 30, 1952.....	36,500	1.00	36,500.00
	June 10, 1952.....	34,000	1.00	34,000.00
	July 18, 1952.....	5,000	1.00	5,000.00
	December 5, 1952....	5,000	1.00	5,000.00
	November 24, 1953..	5,000	1.00	5,000.00
	January 31, 1955.....	50,000**	0.10	5,000.00
	September 4, 1956....	100,000	1.50	150,000.00
	September 18, 1956..	68,635	1.50	102,952.50
	September 28, 1956..	8,166	1.50	12,249.00
	Total.....	605,331		\$648,704.50
	* Represents original incorporators' shares.			
	** Represents option exercised by E. F. Creelman which was granted by Resolution dated September 29, 1952, in consideration of services rendered.			
11. Total number of shares issued.	607,331.			
12. Number of shares now in treasury or otherwise unissued.	2,392,669.			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	Nil.			
14. Date of last annual meeting.	December 19th, 1956.			
15. Date of last report to shareholders.	November 21st, 1956.			
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	<ol style="list-style-type: none"> <li>1. By Resolution dated September 29, 1952, options to purchase treasury shares of the Company at \$1.00 per share, exercisable on or before December 31, 1957, were granted as follows: E. F. Creelman, 68,500 shares, W. A. Dymont, 23,380 shares, H. L. Coons, 2,750 shares. These options were granted in consideration of services of optionees re initial arrangements for organization and financing of the Company.</li> <li>2. By Agreement dated August 21, 1956, between the Company and Armac Securities Limited of Toronto, Armac Securities Limited purchased 100,000 shares at \$1.50 per share and secured options on 200,000 shares at prices ranging from \$1.75 to \$2.00 per share. The 100,000 shares purchased were taken up as indicated in item 10 above, and the balance of the options remaining outstanding are as follows: <ol style="list-style-type: none"> <li>(a) 100,000 shares at \$1.75 per share until November 21, 1956; and</li> <li>(b) 100,000 shares at \$2.00 per share until February 21, 1957.</li> </ol> By resolution of the Directors dated November 13, 1956, the first option at \$1.75 per share was extended until February 21, 1957, and the second option at \$2.00 per share until May 21, 1957. </li> </ol>			
17. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.	Nil.			
18. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	Prospectus dated May 4th, 1955, accepted for filing by the Ontario Securities Commission on May 6th, 1955.			
19. Has any application for registration with, or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.	No.			



20. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Nil.
21. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:  (a) Properties owned where titles vested in Company.  (b) Properties leased.  (c) Properties otherwise held. Give particulars of title held by the Company in each instance, (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	Nil.  Nil.  See Schedule "A" on page 8.
22. Full particulars of any royalties or other charges payable upon production from each individual property.	See Schedule "A" on page 8.
23. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	No.
24. Describe plant and equipment on property.	See Schedule "B" on page 10.
25. Describe development accomplished and planned.	See Schedule "B" on page 10.
26. Date and author of mining engineer's or petroleum geologist's report filed with this application and available for inspection on request.	Report of Fred J. Garbutt, P.Eng., in connection with Mineral Properties held in New Brunswick dated January 7th, 1957. Report of J. C. Sproule, P.Eng., in connection with the Petroleum and Natural Gas Reserves and Holdings in Alberta dated November 28th, 1956.
27. Full particulars of production to date.	None on Mineral Properties in New Brunswick. For particulars of production to date with respect to Petroleum and Natural Gas Reserves and Holdings, see Schedule "B" on page 10.
28. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No.
29. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	White, Bristol, Beck & Phipps, 335 Bay Street, Toronto 1, Ontario.



30. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	Yes. Application to Canadian Stock Exchange for the listing of 3,000,000 shares of the capital stock of the Company was accepted as of the 25th day of August, 1955.
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	No.
(c) Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	No.
31. Particulars of the principal business in which each director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	<p>EDWARD FRANCIS CREELMAN. Self-employed. A geologist and Mining Executive for the past 18 years.</p> <p>WALTER ALLAN DYMENT. For the past five years has been self-employed as financial agent prior to which he was Vice-President of Burns Bros. and Denton Limited, Investment Dealers, Toronto, Ontario.</p> <p>FRED D. JENKINS. Partner in firm of Brew, Jenkins Company, Brokers, Milwaukee, Wisconsin, for the past five years.</p> <p>FRANCIS DWYER LACE. Partner in the firm of Matthews &amp; Company, Stock Brokers, Toronto, Ontario, for the past 9½ years.</p> <p>HERBERT LINDSAY COONS. Consulting Engineer, with Herbert L. Coons &amp; Associates Limited, and predecessor Company for the past 9 years.</p>

Dated at the City of Toronto the 22nd day of January, 1957.



CABANGA DEVELOPMENTS LIMITED  
"E. F. CREELMAN", *President.*  
"N. E. PHIPPS", *Secretary-Treasurer.*

STATEMENT SHOWING NUMBER OF SHAREHOLDERS  
as of January 14th, 1957

Number				Shares
24	Holders of	1 – 100 shares.....		1,839
100	" "	101 – 1000 " .....		56,102
36	" "	1001 – 2000 " .....		54,935
15	" "	2001 – 3000 " .....		42,641
3	" "	3001 – 4000 " .....		11,250
7	" "	4001 – 5000 " .....		34,533
18	" "	5001 – up " .....		406,031
203 Stockholders		Total Shares.....		607,331



PARTICULARS OF SUB-OPTIONS

The following are particulars of all agreements, covering in the aggregate more than 25,000 shares in amount and more than \$25,000.00 in value, of the nature of sub-option agreements, sub-underwriting agreements and assignments, outstanding or proposed to be made with respect to the treasury share contracts set out in Item 16, on page 2:

Sub-option Agreements with Respect to Option Agreement between Cabanga Developments Limited and Armac Securities Limited dated August 21st, 1956

SUB-OPTIONEE	Sub-option due February 21, 1957 at \$1.76 per Share	Sub-option due May 21, 1957 at \$2.01½ per Share
	Number of Shares	Number of Shares
Matthews & Company..... 220 Bay Street, Toronto, Ontario.	78,500	78,500
Fred D. Jenkins, Brew Jenkins Co..... 1st Wisconsin National Bank Building, Milwaukee, Wis.	5,000	5,000
Richard F. Dooley..... 1519 Howard Street, Chicago, Ill., U.S.A.	5,000	5,000
McManus & Walker..... 39 Broadway, New York, New York, U.S.A.	1,500	1,500
C. B. H. Deller..... 955 Fifth Avenue, New York, New York, U.S.A.	2,500	2,500
F. E. McMichael..... I.O.O.F. Building, Hartford City, Indiana, U.S.A.	2,500	2,500
F. E. McMichael & Company..... I.O.O.F. Building, Hartford City, Indiana, U.S.A.	2,500	2,500
Reed Johnston, % G. E. Leslie & Co. .... Royal Bank Building, Montreal, Quebec.	2,500	2,500
Total.....	100,000	100,000

CERTIFICATE AND AGREEMENT OF OPTIONEE OR UNDERWRITER

The optionee or underwriter mentioned in Item 16 on page 2 hereby:

1. Certifies that the above information is true and correct, and

2. Covenants that no agreement or agreements, covering in the aggregate more than 25,000 shares in amount and more than \$25,000.00 in value, of the nature of a sub-option agreement, sub-underwriting agreement or assignment, with respect to the shares set out in Item 16 on page 2 will hereafter be made by him without prior notice thereof being given to the Exchange and that no such proposed agreement or agreements will be proceeded with until such notice has been duly accepted for filing by the Exchange.

Dated at Toronto this 21st day of January, 1957.

ARMAC SECURITIES LIMITED

"C. H. WALKER", *President.*

"A. B. WHITELOW", *Secretary.*



Witness: "E. F. CREELMAN"



# FINANCIAL STATEMENTS

## BALANCE SHEET AT SEPTEMBER 30, 1956

ASSETS			
CURRENT ASSETS:			
Cash.....		\$309,621.36	
Cash on deposit with member broker of the Toronto Stock Exchange.....		13,876.94	
Accounts receivable—trade.....		2,162.90	
Government of Canada bonds, at cost (Approximate market value, \$97,500.00).....	\$98,750.00		
Accrued interest.....	750.00		
		99,500.00	
Other marketable securities, at cost—Schedule “A” (Approximate market value \$29,449.00).....		15,002.22	
			\$440,163.42
Shares in other mining companies, at cost, <i>less</i> proceeds of disposals.....			5,569.74
Company's portion of exploration deposit with the Department of Mines and Minerals, Province of Alberta.....			12,500.00
Unexpended portion of deposits for development expenditures.....			2,889.07
FIXED ASSETS, at cost <i>less</i> provisions—Schedule “B”:			
Oil and gas properties:			
Acquisition costs.....	\$80,944.80		
<i>Less:</i> Accumulated provision for amortization.....	16,726.46		
		\$ 64,218.34	
Production equipment.....	\$15,359.46		
<i>Less:</i> Accumulated provision for depreciation.....	8,847.68		
		6,511.78	
Development expenditures .....		134,109.04	
			\$204,839.16
Mining properties:			
Development expenditures.....		412.46	
			205,251.62
Interest in mining claims at nominal value.....			1.00
Incorporation expense.....			1,330.90
			<u>\$667,705.75</u>

SCHEDULE “A” OTHER MARKETABLE SECURITIES—SEPTEMBER 30, 1956			
	<i>Number of Shares</i>	<i>Cost</i>	<i>Approximate Market Value</i>
Peruvian Oils & Minerals Limited.....	11,700	\$ 3,447.85	\$17,199.00
Liberal Petroleums Limited.....	5,000	11,554.37	12,250.00
		<u>\$15,002.22</u>	<u>\$29,449.00</u>

SCHEDULE “B” FIXED ASSETS—SEPTEMBER 30, 1956			
	<i>Acquisition Costs</i>	<i>Production Equipment</i>	<i>Development Expenditures</i>
OIL AND GAS PROPERTIES:			
Bindloss-Buffalo area, Province of Alberta.....	\$ 2,608.86	\$ 1,177.25	\$123,204.81
Wainwright-Kinsella area, Province of Alberta.....	—	—	1,774.15
Toole County, State of Montana.....	1,875.00	—	3,472.27
Malmo area, Province of Alberta.....	71,909.10	14,182.21	—
Athabasca area, Province of Alberta.....	400.00	—	687.50
Powder River area, State of Wyoming.....	4,151.84	—	4,970.31
	<u>\$80,944.80</u>	<u>\$15,359.46</u>	<u>\$134,109.04</u>
MINING PROPERTIES:			
Parish of Northesk, County of Northumberland, Province of New Brunswick .....			<u>\$412.46</u>

### LIABILITIES

CURRENT LIABILITIES:			
Accounts payable and accrued expenses.....			\$ 9,933.26
SHAREHOLDERS' EQUITY:			
Capital Stock ( <i>see Note</i> ):			
Authorized—3,000,000 shares of no par value.			
Issued—			
Balance at December 31, 1955.....	430,530	\$385,503.00	
Issued for cash during the nine months ended September 30, 1956.....	176,801	265,201.50	
	<u>607,331</u>	<u>\$650,704.50</u>	
Capital Surplus:			
Balance at December 31, 1955.....	\$68,330.83		
<i>Add:</i> Profit on disposal of securities and mining claims.....	5,298.71		
		73,629.54	
		<u>\$724,334.04</u>	
<i>Deduct:</i>			
Deficit:			
Balance at December 31, 1955.....	\$47,838.68		
<i>Add:</i> Net loss for the nine months ended September 30, 1956 (Statement II).....	18,722.87		
		66,561.55	
			<u>657,772.49</u>
			<u>\$667,705.75</u>



NOTE: There are option agreements outstanding for the purchase of shares in the Company as follows:  
100,000 shares at \$1.75 per share exercisable until November 21, 1956 (subsequently extended three months to February 21, 1957).  
100,000 shares at \$2.00 per share exercisable until February 21, 1957 (subsequently extended three months to May 21, 1957).  
94,630 shares at \$1.00 per share exercisable until December 31, 1957.

Approved on behalf of the Board:     “E. F. CREELMAN”, *Director*.  
  “F. D. LACE”, *Director*.

**STATEMENT OF INCOME AND EXPENSE**  
**for the Nine Months Ended September 30, 1956**

INCOME:		
Company’s proportion of revenue (\$14,672.44) less operating expenses (\$5,362.17) of producing wells.....		\$ 9,310.27
Deduct: Depreciation of production equipment.....		1,886.08
		<hr/>
Interest earned.....		\$7,424.19
		2,312.78
		<hr/>
		\$ 9,736.97
ADMINISTRATIVE AND GENERAL EXPENSES:		
Legal and audit.....	\$ 983.51	
Miscellaneous.....	74.43	
Office and administrative charges.....	3,600.00	
Printing.....	142.98	
Stock Exchange fee.....	100.00	
Transfer agency fees and expenses.....	534.02	
	<hr/>	5,434.94
		<hr/>
Net income for the period before provision for the undernoted charges.....		4,302.03
Amortization of cost of leasehold interest.....	\$ 4,006.43	
Unproductive development expenditures written off.....	19,018.47	
	<hr/>	23,024.90
		<hr/>
NET LOSS FOR THE PERIOD.....		\$18,722.87
		<hr/>

**CERTIFICATE**

The Shareholders,  
Cabanga Developments Limited.

We have examined the balance sheet of Cabanga Developments Limited as at September 30, 1956, and the statement of income and expense for the nine months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of income and expense present fairly the financial position of the company at September 30, 1956, and the results of its operations for the nine months ended on that date.

80 Richmond Street West, Toronto,  
December 3, 1956.

“STRICKLAND, GOWER & HOGG”,  
Chartered Accountants.



## SCHEDULE "A" REFERRED TO IN ITEMS 21 AND 22

### 1. MINERAL PROPERTIES IN NEW BRUNSWICK

#### (a) SEVOGLE RIVER PROPERTY

By letter agreement dated December 1st, 1956, between Robert J. Taylor, Arnold Somers, William A. Taylor (hereinafter called the "Vendors"), and the President, E. F. Creelman, acting therein as trustee for the Company, the Company acquired an option to purchase 44 mining claims, and an additional 10 mining claims by staking and recording, being Numbers 7682—1 to 10, 7294—1 to 10, 3336—1 to 10, 3227—1 to 10, 9144—1 to 10, and 3287—1 to 4, in the Little SevoGLE River area, County of Northumberland, in the Province of New Brunswick. Outstanding option payments amount to \$3,000.00 to be paid on or before June 5th, 1957. The Company has the right, if it so elects within two years of the date of the agreement and upon payment of the outstanding option payments relating to the 44 claims, to incorporate a new company to which the 44 claims will be transferred; in which case there will be issued to the Vendors or their nominees 250,000 shares out of an authorized capital of 3,000,000 shares of the par value of \$1.00 each.

#### (b) CALIFORNIA LAKE PROPERTIES

##### (i) PROPERTY NUMBER 1

By an agreement dated October 31st, 1956, between the President, E. F. Creelman, acting therein as trustee for the Company, and Kennco Explorations (Canada) Limited (hereinafter called "Kennco") of the City of Toronto, in the Province of Ontario, Creelman, on behalf of the Company, transferred to Kennco 40 mining claims, 2319—1 to 10, 2328—1 to 10, 2329—1 to 10, and 2330—1 to 10, in the Newcastle and Bathurst area of the Province of New Brunswick, and granted to Kennco a working option on the property until February 1st, 1958. Kennco has the right before the termination of the working option to incorporate a new company to which the properties will be transferred, in which case there will be issued to the Company 15% of the issued treasury shares, the total capitalization to be in the discretion of Kennco. By an agreement dated October 22nd, 1954, with Murdock C. Mosher and Edward C. MacLeod, from whom the properties were acquired, the Company holds in trust for each of Messrs. Mosher and MacLeod a non-assessable 7½% interest in all the Company's rights in the foregoing agreement.

##### (ii) PROPERTY NUMBER 2

By an agreement dated July 27th, 1956, between Newnorth Gold Mines Limited, of the City of Toronto, in the Province of Ontario (hereinafter called "Newnorth"), Kennco Explorations (Canada) Limited, of the City of Toronto, in the Province of Ontario (hereinafter called "Kennco") and the President of the Company, E. F. Creelman, acting therein as trustee for the Company, Newnorth and Creelman on behalf of the Company, granted to Kennco a working option on 40 mining claims Numbers 2320—1 to 10, 2321—1 to 10, 2322—1 to 10, and 2323—1 to 10, in the Parish of Northesk, County of Northumberland, in the Province of New Brunswick, such option to extend until July 31st, 1958. Kennco has the right before the termination of the working option to incorporate a new company to which the properties will be transferred; in which case there will be issued to Newnorth and to the Company 375,000 shares each, out of an authorized capital of 3,000,000 shares of the par value of \$1.00 each. It is further agreed that the new company shall grant to Kennco an option to purchase the remaining 2,250,000 shares of the new company, less directors shares, at 44.444 cents per share, such option to remain in force so long as Kennco purchases shares to the value or amount of at least \$50,000.00 in each period of one year following the date of incorporation of the new company. By an agreement dated October 22nd, 1954, with Elmwood Mines Limited, from whom these mining properties were acquired, the Company holds in trust a non-assessable 15% interest in all the Company's rights under the foregoing agreement.

##### (iii) PROPERTY NUMBER 3

By an agreement dated December (Blank), 1956, between Red Rock Mines Limited of the City of Fredericton, in the Province of New Brunswick, and the Company, the Company acquired an option to purchase 30 mining claims Numbers 8553A—1 to 10, 2202—31 to 40, and 2254—31 to 40, in the 44 Mile Brook Area of the Province of New Brunswick. Outstanding option payments amount to \$24,000.00. Under the agreement the Company undertook to perform and record 750 days' assessment work against the claims or to expend at least \$3,850.00 in connection with exploration, development and mining work thereon on or before March 2nd, 1957. The Company has the right if it so elects, upon payment of outstanding option payments, on or before April 1st, 1958, to incorporate a new company to which the claims will be transferred; in which case there shall be issued to Red Rock Mines Limited 300,000 shares out of an authorized capital of 3,000,000 shares of the par value of \$1.00 each.

##### (iv) PROPERTY NUMBER 4

By an agreement dated December 31st, 1956, between New Alger Mines Limited, of the City of Toronto, in the Province of Ontario, and the Company, the Company acquired 26 mining claims, Numbers 5249—1 to 10, 5250—1 to 10, and 5251—2 to 7, near California Lake, in the Bathurst Mining District of the Province of New Brunswick, from New Alger Mines Limited in consideration of the Company undertaking to perform, exploration, development and mining work upon the claims sufficient to at least maintain them in good standing until November 12th, 1957. The Company has the right to incorporate a new company within two years of the date of the agreement to which the claims will be transferred; in which case there shall be issued to New Alger Mines Limited 100,000 shares out of an authorized capital of 3,000,000 shares of the par value of \$1.00 each.

##### (v) PROPERTY NUMBER 5

By an agreement dated the 29th day of October, 1956, between H. H. Williamson, Patrick R. Roy, Claude Willet, Jerry Elhalton and John Duffy, all of the Town of Bathurst in the Province of New Brunswick (hereinafter called the "Vendors") and the Company, the Company acquired an option to purchase 57 mining claims, 9144A—5 to 9, 4492—12 to 16, 8747—1, 8747—3, 8747—8 to 10, 9126—1 to 3, 9126—5 to 6, 9126—8, 8746—4 to 5, 9046A—3 to 10, 9066—1 to 4, 9066—7, 8065—11 to 13, 8697—3 to 10, 9108—1 to 3, 9108—6 to 10, in the Parish of Northesk, County of Northumberland, in the Province of New Brunswick, upon payment of the sum of \$7,125.00. Under the agreement the Company undertakes at its expense to perform exploration and development work sufficient to keep the property in good standing and has the right to incorporate a new company within two years of the date of the agreement to which the claims will be transferred; in which case there shall be issued to the Vendors 300,000 shares out of an authorized capital of 3,000,000 shares of the par value of \$1.00 each.

##### (vi) PROPERTY NUMBER 6

By an agreement dated December 5th, 1956, between Area Mines Limited, of the City of Toronto, in the Province of Ontario, (hereinafter called "Area") and Orchan Uranium Mines Limited of the City of Toronto, in the Province of Ontario (hereinafter called "Orchan") and the Company, the Company acquired an option to purchase 45 mining claims, Numbers 3697—11 to 20, 5763—11 to 20, 5763—21 to 30, 8222—1 to 5, and 8246—1 to 10, in the Parishes of Colborne and Northesk, in the Counties of Northumberland and Restigouche, in the Province of New Brunswick, in consideration of the payment of \$4,500.00 to Area-Orchan. Under the agreement the Company undertook to expend at least \$10,000.00 in exploration, development and mining work on the property prior to November 1st, 1958, and by the same date has the right to incorporate a new company to which the properties shall be transferred. The new company is to have an authorized capital of 3,000,000 shares of \$1.00 par value each and, in the event of the transfer of the claims to the new company, each of Area, Orchan and the Company will receive 20%, 20% and 60% respectively of the vendors' shares. The said agreement also provides that upon the Company incorporating such new company, such new company shall enter into option agreements with Area, Orchan and the Company whereby each of Area, Orchan and the Company will be respectively granted options to purchase 10%, 10% and 20% of the then remaining treasury stock of the new company after deduction of incorporators' and vendors' shares, at such times and prices as fixed by the Directors of the new company. By a further agreement dated December 4th, 1956, between the Company and Maralgo Mines Limited (hereinafter called "Malgalo"), of the City of Toronto, in the Province of Ontario, with the consent of Area and Orchan, Malgalo assumed all of the Company's commitments under its agreement with Area and Orchan, and further agreed that in the event a new Company was formed to which the property shall be transferred, such new Company would issue to the Company 25% of the Vendors' shares. Under this agreement the Company released its right to participate in the stock option hereinbefore referred to.

### 2. PETROLEUM AND NATURAL GAS RESERVES AND HOLDINGS

#### MALMO AREA

By agreement dated January 25, 1954, between Meridian Petroleum Limited, Board of Trade Building, Calgary, Alberta, and the Company, the Company acquired an undivided 15% interest in petroleum and natural gas Lease No. 90532 dated June 23, 1952, issued by the Province of Alberta, granting to the lessee thereunder the exclusive right for a term of twenty-one years, upon payment of a rental of \$159.00 per annum and a royalty at such rate as may from time to time be prescribed by the Lieutenant-Governor in Council (at present 12½%), to drill for petroleum and natural gas within and under the lands covered by Gas Lease No. 90532 in Township forty-four (44) Range Twenty-two (22) West of the Fourth Meridian in the Province of Alberta, containing one hundred and fifty-nine (159) acres more or less.

Under this agreement the Company acquired all the rights of Meridian Petroleum Limited under an agreement dated May 28, 1952, between Carlton Oils Limited and Renfrew Petroleum Limited, the lessees under the said Crown lease, Meridian Petroleum Limited and Dominion Drilling Company Limited, whereby the lessees held a 15% interest in the said lease in trust for Meridian Petroleum Limited, which agreement, as amended by agreement between the same parties dated December 30, 1952, provides for Renfrew Producers & Operators Limited acting as operator of the wells drilling under the said lease.



## BUFFALO-BINDLOSS AREA

### (i) CHAMBERLAIN-BUFFALO PROJECT

Under an agreement dated June 8, 1953, between the Company and Chamberlain Oil & Gas Ltd., 237 Tegler Street, Edmonton, Alberta (hereinafter called "Chamberlain") the Company acquired a 10% participation in the development by Chamberlain of acreage in the Atlee-Buffalo Area of south-eastern Alberta. By this agreement the Company became entitled to participate in the development of 142,246 acres then under reservation to Home Oil Company Limited and over which Chamberlain acquired development rights under agreements between Home Oil Company Limited and Chamberlain dated respectively January 26, and February 12, 1953.

The present acreage held for the project is 93,920 acres under Gas Licences 61 and 58 comprising lands in Townships 20, 21 and 22 in Ranges 5, 6 and 7, West of the 4th Meridian.

In addition under the same agreement the Company holds a similar interest in the full oil lease rights in 23,040 acres within the same acreage.

Under the above mentioned agreements Home Oil Company Limited is entitled to a 10% net carried interest in all production after reimbursement of all drilling and completion costs and all costs of operating and marketing such production. Subject to Home Oil Company Limited's interest and to the Crown royalty interest of 15% in Chamberlain's share of the production the Company is entitled to a 10% interest in all production from wells drilled to date and in all future wells in which it elects to participate and contribute its 10% share of the costs thereof.

### (ii) CHAMBERLAIN-BINDLOSS PROJECT

By various agreements with Chamberlain Oil & Gas Ltd., 237 Tegler Street, Edmonton, Alberta, dated August 15, 1952, and confirmed and consolidated by an agreement dated September 16, 1954 between Chamberlain and other participants with it in the project including the Company, the Company acquired a 5% participation in the development by Chamberlain of acreage in the Bindloss Area in south-eastern Alberta adjoining to the east the acreage in the Atlee-Buffalo area described in the preceding paragraph. By these agreements there is now comprised in these projects the following lands:-

- (1) 48,320 acres under Gas Licence No. 58 in Townships 21 and 22, Ranges 4 and 5, West of the 4th Meridian.
- (2) 9,114 acres under Petroleum and Natural Gas Leases in Township 22, Range 4, West of the 4th Meridian.
- (3) 11,840 acres under Oil Leases in Township 22, Ranges 4 and 5, West of the 4th Meridian.

In respect of all acreage except the 9,114 acres held under Petroleum and Natural Gas Leases under the above mentioned agreements, Home Oil Company Limited is entitled to a 10% net carried interest and the other parties to a 2½% net carried interest, in all production after reimbursement of all drilling and completion costs and all costs of operating and marketing such production. Subject to the foregoing carried interests and Crown Royalty interest of 15% on Chamberlain's share of the production, the Company is entitled to a 5% interest in all production from wells drilled on the said acreage to date and in all future wells in which it elects to participate and contribute its 5% share of the costs, thereof.

In respect of the 9,114 acreage under Petroleum and Natural Gas Leases, the Catawba Corporation is entitled to a gross overriding royalty of 5% of production from the said lands to be computed after payment of the Crown royalty thereon of 12½% in addition to which other parties are entitled to a 2½% net carried interest. After payment thereof and of Crown royalties, the Company is entitled to a 5% interest in all production from wells drilled upon the said acreage to date and in all future wells in which it elects to participate and contribute its 5% share of the costs thereof.

### (iii) CHAMBERLAIN-NORTH BINDLOSS PROJECT

By letter agreement dated October 9th, 1956, between Canadian Export Gas Limited, 203 Oil Exchange Building, Calgary, Alberta, and the Company, the Company acquired a 5% participation in the exploration and development by Canadian Export Gas Limited of 24,160 acres in the North Bindloss Area of south-eastern Alberta. This acreage held for the project is under Gas Licence No. 47, comprising lands in Township 23, Ranges 3, 4 and 5, West of the 4th Meridian.

### (iv) CANADIAN EXPORT-JENNER PROJECT

By letter agreement dated January 3, 1955, between Chamberlain Oil & Gas Ltd., 237 Tegler Street, Edmonton, Alberta, and the Company, the Company acquired a 2% participation in the exploration and development by Canadian Export Gas Ltd. of 8,320 acres in the Atlee-Buffalo area in south-eastern Alberta in Township 20, Ranges 7 and 8, West of the 4th Meridian, including the drilling of one well in the Mississippian and two test wells in the Jefferson upon lands under drilling reservations from the Province of Alberta.

### (v) BAILEY-ACADIA PROJECT

By agreement with Bailey Selburn Oil & Gas Ltd. of 901-8th Avenue West, Calgary, Alberta, dated December 23, 1952 the Company acquired the right to a 10% participation in the exploration and development of acreage to the north of the Bindloss field in south-eastern Alberta, comprising 24,480 acres in Townships 24 and 25, Ranges 4 and 5, West of the 4th Meridian.

Under this agreement the Company agreed to participate in 12½% of the drilling costs of a test well in return for which it became entitled to receive 10% of the net proceeds of production, and has the right at its option to participate in future wells to the extent of 10% of the net proceeds of production thereof upon payment of 10% of the costs of such wells. In addition, the Company agrees to contribute 10% of the rentals payable under leases, licences, etc. affecting the said lands subject to forfeiting in default all benefits under the agreement except its share in the proceeds of production of the then producing wells. For the purposes of the agreement, 'net proceeds of production' means the proceeds of the sale of Bailey Selburn Oil & Gas Ltd.'s 50% share of the production after deduction of the Crown royalty of 12½% and taxes and operating expenses in respect thereof.

### (vi) BAILEY-BINDLOSS PROJECT

By letter agreement dated June 12th, 1956, between Bailey Selburn Oil & Gas Ltd., 901-8th Avenue West, Calgary, Alberta, and the Company, the Company acquired a 9% share (equal to a 4½% net share) of the 50% interest of A. G. Bailey Co. Ltd. in the proceeds of production of acreage in the Bindloss field in south-eastern Alberta comprising 34,969 acres in Townships 20 and 21, Ranges 2, 3 and 4, West of the 4th Meridian.

## (c) WAINWRIGHT-KINSELLA AREA

### (i) VIKING-KINSELLA PROJECT

By agreements dated August 8, 1952 between Bralsaman Petroleums Limited, 900 Lancaster Building, Calgary, Alberta; Jet Oils Limited, 304 Grain Exchange Building, Calgary, Alberta; Sapphire Petroleums Limited, 25 King Street West, Toronto, Ontario; Young Drilling Company Limited, 906 Lancaster Building, Calgary, Alberta, and the Company, the Company acquired a 5% participation or share in the rights of Bralsaman Petroleums Limited to acquire an undivided one-half interest in certain rights in the exploration and development of oil and gas acquired by Bralsaman by agreement with North-Western Utilities Limited dated August 8th, 1952. By virtue of the said last-mentioned agreement Bralsaman Petroleums Limited, upon payment of a one-half share of costs and expenses for acquisition of property and rights of the drilling of two test wells, became entitled to a one-half share or interest, subject to an overriding royalty in favour of Osler & Nanton Trust Company of Winnipeg, Manitoba, of 10% on petroleum having specific gravity in excess of twenty-seven degrees Beaume and 5% on gas and petroleum having specific gravity of less than twenty-seven degrees Beaume, in freehold oil and gas rights in 27,125 acres in the Viking-Kinsella area comprised of lands in Townships 45, 46 and 47, Ranges 7 and 8, West of the 4th Meridian.

Provision is made in the said agreement of August 8, 1952, for the initiation of further drilling after the test wells by any of the parties thereto, when the other parties have the right to participate in the same proportions as their respective interest, but non-participating parties shall not receive any percentage from the production of such wells until those who have contributed shall have received 200% of all amounts expended by them in respect of the cost and expense of such drilling.

## (d) MONTANA AREA

### (i) RED COULEE PROJECT

By agreement dated February 3, 1953, between the Company and Dominion Montana Corporation, Great Falls, Montana, U.S.A., the Company acquired a participation in the development by Dominion Montana Corporation of oil and gas rights in an area of 4,533 acres in the County of Toole in the State of Montana, U.S.A., comprised of lands in township 37N, Range 2W MPM, Meridian.

The Company's participation was 37½% of the cost of acquisition of rights and drilling a test well and 30% of the cost of subsequent wells in which the Company should elect to participate for which the Company would be entitled to 30% of all production after payment of all royalties to lessors and production and marketing costs. The Company by letter agreements dated February 3, 1953, transferred 20% of its 30% interest in the production from the project, upon an undertaking by the transferees to pay their proportionate part of the Company's share of the direct costs which have been paid.

## (e) CHINOOK, HANNA STETTTLER AND GARDEN PLAINS AREA:

### (i) CHINOOK, HANNA-STETTTLER AND GARDEN PLAINS PROJECTS

By letter agreement dated July 23, 1952 between the Company and Alminex Limited, 320 Bay Street, Toronto, Ontario, the Company acquired a 5% interest in oil leases covering acreage in the Chinook, Hanna-Stettler and Garden Plains areas in south-eastern Alberta as follows:

- (1) Chinook—1,600 acres comprised of lands in Township 29, Range 7, West of the 4th Meridian.
- (2) Hanna-Stettler—960 acres comprised of lands in Township 34, Range 17, West of the 4th Meridian.
- (3) Garden Plains—1,280 acres comprised of lands in Township 33, Range 14, West of the 4th Meridian.



(f) WYOMING AREA

(i) POWDER RIVER PROJECT

By an agreement dated as of June 1st, 1956, between John J. Coyle, E. V. McCright, Troy V. Post, W. Van Alan Clark, Henry Homes, Jr., Black Mammoth Consolidated Mining Company, Dardo Exploration Company, Felmont Oil Corporation, Graydar Oil Company, Gas & Oil Managers Inc., Kenneth C. Gifford of Dallas, Texas, U.S.A., and the Company as participants, the Company acquired a 5% working interest for a period not to exceed five years from the date of the agreement in oil and gas leases issued by the United States of America being serial numbers Wyoming 043025 to 043033 inclusive, Wyoming 043204 to 043207 inclusive and Wyoming 043591 to 043592 inclusive comprising 18,306 acres in Townships 55N to 57N inclusive, Ranges 72W to 77W inclusive in Campbell and Sheridan Counties Wyoming, U.S.A.

(g) ATHABASCA TAR SANDS AREA

By letter agreement dated September 28th, 1955, between Consolidated Mic Mac Oils Limited, 11536 Jasper Avenue, Edmonton, Alberta, and Cox-Streeter Trust, 103 F. W. Clark Building, 709-8th Avenue West Calgary, Alberta, on behalf of the Company, and a further letter agreement dated October 1st, 1955, between the Cox-Streeter Trust and the Company, the Company acquired an undivided 22½% working interest in a Bituminous Sands Prospecting Permit dated December 20th, 1955, and issued by the Department of Mines and Minerals of the Province of Alberta to Consolidated Mic Mac Oils Limited for the exploration of 50,000 acres West of the left bank of the Athabasca River in the Athabasca Tar Sands Area of Alberta comprising lands in Townships 96 and 97, Ranges 11, 12 and 13, West of the 4th Meridian.

**SCHEDULE "B" REFERRED TO IN ITEMS 24, 25 AND 27**

**1. MINERAL PROPERTIES IN NEW BRUNSWICK**

(a) SEVOGLE RIVER PROPERTY

No development work has been done to date. The Company is planning to cause geological and geophysical surveys to be done within the near future.

(b) CALIFORNIA LAKE PROPERTIES

(i) PROPERTIES NUMBER 1 AND 2

The Company has completed geophysical and geochemical surveys in connection with each of these properties. To date 18 diamond drill holes have been put down on Property Number 1 and 5 diamond drill holes on Property Number 2, and further drilling has been planned.

(ii) PROPERTIES NUMBER 3, 4, 5, 6

No development work has been carried out to date on these properties. The Company has commenced geophysical surveys on Properties Number 3 and 4 and are planning similar surveys for Properties Number 5 and 6.

**2. PETROLEUM AND NATURAL GAS RESERVES AND HOLDINGS**

(a) MALMO AREA

The Company's 15% working interest in three producing oil wells (four producing horizons) in the Malmo field is netting the Company approximately \$1,200.00 per month. The recovery factor and allowables in the future will govern the life of these wells, but from their performance to date and from periodic testing of bottom hole pressure, a long and profitable life for this field seems assured.

(b) BUFFALO-BINDLOSS AREA

The Company in fulfilment of the requirements under gas license regulations has been pursuing an aggressive development program in this area. The area comprises some 259,620 acres in which the Company has interests varying from 4½% to 9%. This program has resulted in 22 gas wells and one oil well (heavy oil). At the present time a gathering system is being built and a program of production testing is under way. The Company has been advised that the only gas supply to Trans-Canada Pipe Line Limited for the first eighteen months of operation will come from the Bindloss field, and Trans-Canada Pipe Line Limited has agreed to purchase 21½ million cubic feet per day from these wells. The Company's share of existing contracts with Trans-Canada Pipe Line Limited calls for delivery of 1,330,000 cubic feet per day at 10 cents per m.c.f. the second year's take is for 1,575,540 cubic feet per day at 10.25 cents per m.c.f. There is a minimum figure of 65% of the daily contract quantity in effect during said year. The Company should net 6 cents per m.c.f. on the sale of this gas.

(c) WAINWRIGHT-KINSELLA AREA

(i) VIKING-KINSELLA PROJECT

This acreage is scattered over four (4) townships and none of it can be regarded as having been fully evaluated. The Company has participated in deep well tests on this project without success, and in view of the widely distributed dry holes presently drilled and the lack of evidence of commercial gas, the future of the area will depend largely on the future marketability of the heavy oil prospects in the area.

(d) MONTANA AREA

(i) RED COULEE PROJECT

Test wells drilled in the vicinity of the project acreage were unproductive. However, exploration work is being carried out intermittently and the ground is being retained.

(e) CHINOOK, HANNA STETTLER AND GARDEN PLAINS AREA PROJECTS

The Company has participated in deep well tests on each of these properties. Small showings of oil and gas were obtained, and while nothing of economic significance is indicated, this ground is also being retained.

(f) WYOMING AREA

(i) POWDER RIVER PROJECT

The Company has a 5% working interest in 18,306 acres in this area. A serious attempt is being made to find oil or gas in this district by a number of independents and several of the major oil companies.

(g) ATHABASCA TAR SANDS AREA

The Company has a 22½% interest in an Oil Sands Permit in this area covering an acreage of 50,000 acres which are located directly across the river from the Bitumont experimental plant now being operated by the Can-Amara-Royalite Group. This land has river frontage and compares favourably in location to any acreage in the area, and at the present time a deal is under discussion with one of the major oil companies in connection with this property.

STATEMENT OF MINERAL PROPERTIES ACQUIRED FROM SEPTEMBER 30 TO DECEMBER 31, 1956

Share  
Consideration  
Shares in the companies  
to be formed to acquire  
the properties.  
(Authorized capital to be  
3,000,000 shares of \$1.00  
par value in each case.)

Development  
Work Commitment

Balance Payable

Paid to  
December 31,  
1956

Total Cash  
Consideration

OIL AND GAS PROPERTIES:

Participation (5% in natural gas license number 47, Town-  
ship 23, Ranges 3, 4 and 5, W. 4, Province of Alberta.....

\$15,199.30

\$15,199.30

Nil

Not stated

Nil

MINING PROPERTIES:

Option to purchase 30 mining claims in the Forty-Four Mile  
Brook area, Province of New Brunswick.....

30,000.00

6,000.00

\$ 6,000.00 before Aug. 15, 1957  
18,000.00 before Feb. 15, 1958

750 days of work or  
\$ 3,750.00 before March 2, 1957

300,000

Option to purchase 26 mining claims in the California Lake  
area, Bathurst Mining District, Province of New Brunswick  
Option to purchase 57 mining claims in the Parish of North-  
esk, County of Northumberland, Province of New Brun-  
swick.....

Nil

Nil

Nil

Not stated

100,000

Option to purchase 45 mining claims in the Parishes of  
Colborne and Northesk in the Counties of Northumber-  
land and Restigouche, Province of New Brunswick (see  
note below).....

8,550.00

Nil

Not stated

300,000

Option to purchase 54 mining claims in the Little Sevogle  
River area, Bathurst and Fredericton Mining Division,  
Province of New Brunswick.....

4,500.00

4,500.00

Nil

\$10,000.00 before Nov. 1, 1958

320,000

Not stated

250,000

\$64,249.30

\$37,249.30

\$27,000.00

NOTE: This company has assigned its working option on the 45 claims in the Parishes of Colborne and Northesk in the Counties of North-  
umberland and Restigouche. The assignee has agreed to make all payments (including the 320,000 shares in a company to be formed)  
required to be made by the company under the option and to carry out the work commitment. In the event of a new company  
being incorporated by the assignee to take over the claims, this company will receive 25% of the share consideration paid by such  
new company for same.

Approved on behalf of the Board:

"E. F. CREELMAN", *Director*.

"F. D. LACE", *Director*.

CERTIFICATE

We have examined the records of Cabanga Developments Limited for the period from September 30 to December 31, 1956, to determine  
what material transactions took place during that period.  
In our opinion, based upon our examination and explanations given to us, the above statement sets  
forth the particulars of all material transactions made by the company during the period.

STRICKLAND, GOWER & HOGG,  
Chartered Accountants.

80 Richmond Street West, Toronto,  
January 18, 1957.



# ENGINEER'S REPORT

## ENGINEER'S REPORT ON MINERAL PROPERTIES IN NEW BRUNSWICK

### INTRODUCTION:

Cabanga Developments Ltd. owns or has an interest in seven separate mineral properties in New Brunswick. All are in the general Bathurst-Newcastle mining area which in the last few years has been actively and in a number of cases very successfully developed.

One property is in the Sevoгле River area and it is discussed separately. The other six properties, in the California Lake area, are within a few miles of one another and are along or near the same geological belt of rocks and so are discussed together. They have been designated Properties 1 to 6 — California Lake area.

### SOURCES OF INFORMATION

The writer has not examined all of these properties. His sources of information are given below for the separate properties.

#### SEVOGLE RIVER PROPERTY

Information from maps issued by the Department of Mines at Ottawa and from personal communication with George Carr, a reliable prospector and geophysical operator, who examined the mineralized showing on the property in late November, 1956.

#### CALIFORNIA LAKE AREA

Properties 1 and 2—information based on personal examinations, the last time on September 15, 1956, and on geophysical and geological maps and the results of part of the drilling that the writer has examined.

Properties 3 and 4—information based on a brief examination of parts of the two properties, on November 21, 1956 and on a study of several private geological and geophysical maps.

Properties 5 and 6—the writer has not examined these properties. His information is based on various government and private maps and reports of the area and from information received from several geologists who have worked in the area.

### SEVOGLE RIVER PROPERTY

#### PROPERTY AND LOCATION

The property consists of a block of 54 contiguous claims held in trust for Cabanga Developments Ltd. The claims are in Northumberland County.

The property is located about 20 miles west of Newcastle on the Little Sevoгле River and straddles the river three miles downstream from the junction of the north and south branches. A secondary road runs northwest from Lyttleton P.O. to the south side of the property.

#### GEOLOGY

Government maps of the area show formations of volcanics and sediments as striking north east across the property. The volcanics carry some metargillites while the sediments which consist of quartzites, schist and metargillite have some interbedded volcanics.

A mineral find was reported on the property in 1956 and this was briefly examined in late November by George Carr. He reported that sulphide mineralization was seen at intervals along what could be a shear zone in sediments, over a length of about 1500 feet and across appreciable widths. The mineralization is mostly pyrite but some copper as chalcopyrite occurs with it. The only assay made ran about 1% copper. The zone was not well exposed as it was partially covered by overburden and snow.

No exploration work has been done on the property.

#### CONCLUSIONS AND RECOMMENDATIONS

A copper bearing sulphide zone is known to occur on the property but no development work has been done to give any information on size and grade.

It is recommended that the showings and surrounding formations be examined when free of snow by a geologist familiar with the area. Depending upon his recommendations further work could then be done on the showings or other sections of the property.

### CALIFORNIA LAKE PROPERTIES

#### PROPERTIES AND LOCATION

South west of Bathurst in an area near California Lake, that is being actively developed by a number of large companies, Cabanga owns or has an interest in six properties. The properties all lie within seven miles of California Lake. In Cabanga's recent annual report dated November 21, 1956, a property map shows the location of the company's properties and designates them as Properties 1 to 6. This system is used below. All the properties are in Northumberland County except Property 6 which is partly in Restigouche County.

California Lake is about 35 miles by road south west of the town of Bathurst and is connected to it by a good gravel road. This road goes alongside Properties 3 and 4. Branch roads extend in toward the other four properties so not one of the properties is more than a mile or two away from a road.

Property 1 consists of a block of 40 claims located about 6 miles south east of California Lake. Cabanga retains an interest in the claims although they have been optioned to and are being actively developed by Kennco Explorations (Canada) Ltd.

Property 2 adjoins to the west of Property 1. It also is optioned to and is being developed by Kennco with Cabanga retaining an interest. The property contains 40 claims as a single block straddling the Nepisiguit River.

Property 3 consists of a block of 30 claims which Cabanga holds by an agreement. It is located three miles south west of California Lake along the east side of 44 Mile Brook and just north of the Nepisiguit River.

Property 4 contains 26 claims in a single block and adjoins to the north of Property 3. Cabanga holds the right to the claims by an agreement.

Property 5 consists of 57 claims held by Cabanga by right of an agreement and with Cabanga as the recorded holder. The claims form a block from half to one mile wide by about three miles long, which lies about three or four miles north west of California Lake.

Property 6 is made up of 45 claims held by Cabanga under an agreement. The block of claims lies seven miles north west of California Lake and is only a short distance south of the Anaconda ground on which a large orebody is being developed.

#### GEOLOGY

A study of the known orebodies in the Bathurst-Newcastle area and the formations in which they occur has led several geologists to believe that all the deposits occur along the same horizon in the rock assemblage and to be genetically related. Thus the location of this ore bearing horizon could be an important guide to finding ore.

The known sulphide deposits occur along contacts between volcanics and bands of sediments which occur within the major volcanic complex. Usually the sulphides replace the sediments along or near the contact, which in most cases is a sedimentary-quartz porphyry contact. Local folding is normally in evidence and appears to exert a structural control over deposition of the sulphides.

Bands of these intra-volcanic sediments extend east-west through the south part of Properties 1 and 2 to the vicinity of Forty-four Mile Brook where a large fold occurs near Properties 3 and 4, and then continue northerly. A well defined sedimentary zone also extends east-west near Property 6 and passes through the Anaconda ground.

Thus it appears that most of the Cabanga properties are traversed by or are near known sedimentary zones, which places them along the most promising exploration belt.

On Properties 1 and 2 the intra-volcanic sediments are known to occur and sulphide bodies are being drilled on Property 1. On Property 3 the writer has seen sedimentary iron formations which occur within volcanics and it is thought this zone extends north through Property 4. On Properties 5 and 6 there is not sufficient information available to state just what formations might be expected.

#### DEVELOPMENT

Properties 1 and 2 are being developed by Kennco. Geophysical and other work was done and drilling was carried on until December, 1956 and is planned to start again in the spring. On Property 2 only a few exploratory holes were drilled but on Property 1 about 17 holes were completed on 4 zones. In a number of these holes sulphide intersections were obtained which carried zinc lead and copper sulphides and some silver. Widths varied from three to forty-eight feet with considerable difference in grades between intersections. However several drill intersections did cut ore grade material across good widths although not enough drilling has been done to properly appraise the results. The belt of rocks traversing these two properties warrants, and will no doubt be subjected to, intensive development.

On the other four properties no work has been done. Geophysical surveys have been recently started on Properties 3 and 4 and it is understood that Cabanga intends to have surveys made on the other properties.

#### CONCLUSIONS AND RECOMMENDATIONS

The six properties are well located in relation to known ore occurrences and to favourable zones of intra-volcanic sediments. The ore grade intersections on Property 1 make this and the adjoining property particularly attractive. The presence of sedimentary bands within volcanics on Property 3 and the large fold in this area add merit to Properties 3 and 4 from an exploration viewpoint.

It is recommended that Cabanga retain interests in these properties and that geological and geophysical exploration work be initiated on those properties that are not being actively developed.

Toronto, Ontario,  
January 7, 1957.

Respectfully submitted,  
"F. J. GARBUTT" P. Eng.



CERTIFICATE

With reference to my report dated January 7th, 1957 on mineral properties in New Brunswick, which Cabanga Developments Limited holds or has an interest in, I, Fred J. Garbutt of the City of Toronto, hereby certify that:

- 1. I am a Mining Engineer, and reside at 242 Hanna Road, Toronto 17, Ontario.
- 2. I am a graduate of the Montana School of Mines holding the degree of B.Sc. I have practiced as a mining engineer for over ten years, and I am a member of the Association of Professional Engineers of the Province of Ontario.
- 3. I have no direct or indirect interest, nor do I expect to receive any interest directly or indirectly in the properties, leases or securities of Cabanga Developments Limited except that stated below. I purchased 500 shares of the company's stock as an investment over three months ago, which shares I still own.
- 4. I have personally examined some, but not all, of the properties referred to in the report. The sources of information on the various properties is given under a separate heading in the report.

"F. J. GARBUTT" P. Eng.

Dated: January 7, 1957.

ENGINEER'S REPORT ON THE PETROLEUM AND NATURAL GAS RESERVES AND HOLDINGS  
as of October 31, 1956

INTRODUCTION

The details of the acreage distribution of the petroleum and natural gas holdings of Cabanga Developments Ltd., as described hereunder, were supplied by Cabanga Developments Ltd. and the acreage details, as well as the participation in such acreage held by Cabanga, have been accepted as correct.

For purposes of brevity, Cabanga Developments Ltd. is referred to throughout the following report as the "Company."

SUMMARY OF HOLDINGS

The Company's productive holdings are located in the Malmo D-2 and D-3 oil field of Central Alberta and in the vicinity of the Atlee-Buffalo and Bindloss gas fields of southeastern Alberta. The unproven acreage is located in the vicinity of the Atlee-Buffalo and Bindloss gas fields, in the vicinity of the Viking-Kinsella gas field and the Lloydminster oil field, in the Chinook and Sullivan Lake areas of central Alberta and in Toole County, Montana. The above gas fields are newly created by order of the Provincial Government. They will not produce until after completion of the proposed Trans Canada gas pipeline. One field is on and the other within 8 miles of the proposed line, adjacent to the Saskatchewan border.

The lands concerned may be summarized as follows, as between Developed (or drilled) and Undeveloped (undrilled) lands:

Project and Location	Wells		Gross Acreage	Company Net Interest (%)	Company Net Acreage
	Prod.	Non-Prod.			
Malmo Field.....N.W. ¼ 11-44-22 W. 4.....	3	1	160	15	24
Chamberlain-Buffalo.....T. 20, 21, 22, R. 5, 6, 7, W. 4.....	4	2	93,920 <sup>1</sup>	9	8,453
Chamberlain-Bindloss.....T. 21, 22, R. 4, 5, W. 4.....	4	1	48,320 <sup>2</sup>	4½	2,175
Chamberlain-N. Bindloss.....	-	-	24,160 <sup>3</sup>	5	1,208
Canadian Export Gas-Jenner...T. 20, R. 7, 8, W. 4.....	1	-	8,320	2	166
Bailey-Acadia.....T. 24, 25, R. 4, 5, W. 4.....	-	-	24,480	5	1,224
Bailey-Bindloss.....T. 20, 21, R. 2, 3, 4, W. 4.....	-	-	34,969	4½	1,574
Viking-Kinsella.....T. 45, 46, 47, R. 7, 8, W. 4.....	-	-	27,125	2½	678
Chinook.....T. 29, R. 7, W. 4.....	-	-	1,600	5	80
Hanna-Stettler.....T. 34, R. 17, W. 4.....	-	1	960	5	48
Garden Plains.....T. 33, R. 14, W. 4.....	-	-	1,280	5	64
Red Coulee (Montana).....37 N., 2 W.....	-	-	4,533	10	453
Totals.....			269,827		16,147

FOOTNOTES:

- <sup>1</sup> This acreage represents portions of Gas License Nos. 58 and 61. The Company holds in addition to this, within the confines of the same acreage, a similar interest in the full oil lease rights on 23,040 acres.
- <sup>2</sup> This acreage represents a portion of Gas License No. 58. The Company holds in addition to this, within the confines of the same acreage, a similar interest in the full oil lease rights on 20,954 acres. The Company's gross interest is 5% but the entire project is subject to an additional 10%, which reduces the Company net to 4½%. The same applies to the Buffalo project, reduced from 10% to 9%. Both projects are subject to an additional 2½% carried interest.
- <sup>3</sup> Gas License No. 47, recently acquired.

The above holdings may be further described under the pertinent headings of:

- 1. Proven Oil Reserves
- 2. Proven and Semi-proven Gas Reserves
- 3. Undeveloped Acreage

1. PROVEN OIL RESERVES

The Company holds a 15% working interest in three producing oil wells (and a dry hole) in the Malmo field, in N.W.¼ Section 11-44-22 W. 4th Meridian. Two of these wells produce solely from the Devonian D-2 reef and the third from both the D-2 and the D-3 reef. Our calculations of the reserves are as follows:

	Well Nos. 1, 2 and 3	Well No. 2A
Zone.....	D-2	D-3
Acreage per well.....	40	40
Average pay.....	62	49
Average porosity.....	4.43%	6.53%
Connate water.....	20%	15%
Shrinkage factor.....	.77	.75
Recovery factor.....	35%	35%
Recoverable Reserves per acre.....	4,594	5,539
Recoverable Reserves per well.....	183,760	221,550
Total Recoverable Reserves.....	551,280	221,550
Total reserves—all wells.....	772,830 Bbls.	
Less Production to October 31, 1956.....	253,075 Bbls.	
Remaining Reserves, October 31, 1956.....	519,755 Bbls.	
Less Royalty at 12½% (est.).....	454,786 Bbls.	
Company Interest at 15%.....	68,218 Bbls. net	

Two of the above wells, Carleton Renfrew Meridian Malmo No. 3 and Carleton Renfrew Meridian Malmo No. 2, are showing increasingly big percentages of water from the D-2 and D-3 zones, respectively. As a result, the oil production from these two wells has dropped off. Water intrusion of this nature has been successfully shut off in other fields having similar reservoirs. For this reason, the recoverable oil reserves given above have not been penalized, as it is assumed that such treatment will be given the ailing wells. Should the treatment be not given, then the recovery factor would necessarily be reduced to about 25%.

Production figures for October, 1956, have been estimated on a basis of the previous production record.

2. PROVEN AND SEMI-PROVEN GAS RESERVES

The Company's Proven Gas reserves are located in the recently established Atlee-Buffalo and Bindloss gas fields. The producing horizons are the Viking sand (twenty-one completed gas wells) and the Sunburst sand (three completed gas wells).

In the table of estimated reserves that follows we have used the terms Proven as inclusive of Proven Developed (640-acre spacing per well) and Proven Undeveloped (such additional acreage as we can reasonably expect, on a basis of geological and geophysical data to be productive). Probable Additional reserves are included for those lands that, on a basis of geological and geophysical data, will also probably, but not certainly, produce.



Our summary of the gas reserves that are net to the Company is as follows:

PROJECT	PROVEN		PROBABLE ADDITIONAL*	
	Gross Reserves	Company Net Interest	Gross Reserves	Company Net Interest
	(MMMcF.)	(MMMcF.)	(MMMcF.)	(MMMcF.)
Chamberlain-Bindloss.....	217.334	9.8 (4.5%)	65	2.93 (4.5%)
Chamberlain-North Bindloss.....	15	.75 (5%)	10	.5 (5%)
Chamberlain-Buffalo.....	70	6.3 (9%)	120	10.8 (9%)
Bailey-Bindloss.....	120	5.4 (4.5%)	39.135	1.8 (4.5%)
Jenner.....	10	.2 (2%)	8	.16 (2%)
Company Interest.....	432.334	22.45 MMMcf.	242.135	16.19 MMMcf.
Less Royalty of 15%.....	367.484	19.08 MMMcf.	205.814	13.76 MMMcf.

3. UNDEVELOPED ACREAGE

The Company's undeveloped acreage is comprised of portions of the Chamberlain-Buffalo, the Chamberlain-Bindloss, the Chamberlain-North Bindloss and the Jenner projects, parts of which will undoubtedly produce additional gas from the Viking and/or Sunburst. No gas wells have as yet been drilled on the Chamberlain-North Bindloss Permits, although a portion of it is regarded, on a basis of regional and local data, as having been Proven Undeveloped. The remainder of the above projects, in part at least, all contain proven gas reserves. In addition to gas license acreage, there is within the Jenner project and within the gas license outlines of the Buffalo and Bindloss projects, P. & N. G. leases that are entirely undeveloped and relatively unknown as to oil reserves. The principal prospects within these include not only the Viking and Sunburst, but also the Banff sand and the Jefferson limestone porous horizons. The recent discoveries of oil and gas in the Upper Devonian in the vicinity of Calgary, High River and Okotoks add considerably to the potential prospects of oil and gas in the Upper Devonian in this area, as in the wells drilled the Devonian has proved to be porous. All that is needed is a closed reservoir.

The prospective nature of the several additional projects may be referred to briefly as follows.

\*Expressed in terms of all reservoirs, those that are known as well as those that may be presently unknown.

BAILEY ACADIA AND BAILEY BINDLOSS LEASES

The Bailey Acadia leases and some of the Bailey Bindloss leases are in relatively untested areas between the Bindloss and Sibbald gas fields and to the southeast of the Bindloss field. Viking and other Lower Cretaceous, as well as Mississippian (Banff and Jefferson), prospective horizons are present. Structurally, the area lies on the east flank of the Sweetgrass-Battle River Arch in an area that must be regarded as having possibilities down to and including the basal sand at the top of the Precambrian.

CHINOOK PROJECT

The Chinook project acreage is located on a broad east-west structural ridge, in an area that is regionally favourable from the standpoint of stratigraphic section and Viking and other Lower Cretaceous sand developments. The Viking sand has ten to fifteen feet of net sand development. Several other Lower Cretaceous sands are also apparently well developed, on a basis of electrolog interpretations. All sands tested, however, were for the most part water-laden and the two wells drilled in this township both abandoned.

HANNA-STETTLER PROJECT

The Hanna-Stettler project lies along the south flank of a regional east-west trending structurally high area, both on the Blaimore and Paleozoic. The Viking sand is well-developed but tight. Only a small gas show was obtained from the Western Byemore well, the only one drilled in the project acreage.

GARDEN PLAINS PROJECT

The Garden Plains acreage is located in a regionally low area bounding the south side of the same ridge on which Western Byemore well of the Hanna-Stettler project is located. Small shows of oil and gas were obtained from the Western Scapa well, which tested the original project, but nothing of economic significance was obtained.

VIKING-KINSELLA PROJECT

The Viking-Kinsella project is located immediately to the east of the Viking-Kinsella gas field, and northwest of the Wainwright oil field. The acreage is scattered over four townships. None of it can be regarded as having been fully evaluated. The principal prospects in the area have to do with Viking gas and Lower Cretaceous gas and heavy oil. It would appear that in view of the widely distributed dry holes presently drilled, and the lack of evidence of commercial gas, the future of the area will depend largely upon the future of the medium to heavy grade oil market. The prospective Cretaceous oil acreage lies in and around the west and northwest boundaries of the Wainwright field.

D-3 reefs are an additional prospect in this area but the D-3 is so close to being exposed beneath the Cretaceous that the prospects are secondary to those of the Cretaceous.

MONTANA LEASES

The Montana project involves a 10% interest in 4,533 acres in Toole County, northern Montana. The acreage is located structurally on the nose of the Sweetgrass Arch. Dry holes have been drilled in the vicinity of the project acreage, but the lenticular nature of the Bow Island, Sunburst and other Lower Cretaceous and Jurassic sand prospects in this general area is such that the lands concerned cannot be regarded as having been evaluated. Mississippian and Devonian horizons should also be added to the prospective zones present within the area.

CONCLUSIONS

The Company's developed acreage in the Malmo field should yield net remaining reserves of oil of 68,218 barrels.

The Company's developed and semi-developed gas acreage, on which 21 successful gas wells have been drilled in the Bindloss and Buffalo gas fields, has an estimated recoverable Proven gas reserve that is, using accepted reservoir data, estimated to be about 19 billion cubic feet net to the Company. It is estimated that the Company's net Probable Additional gas reserves in adjoining portions of the above acreage amount to about 14 billion cubic feet. The presently proposed price for this gas at the trunk line is 10 cents per Mcf.

Much of the Company's undeveloped acreage has fair prospects. None of it, however, can be regarded as being evaluated, except for areas adjacent to proven gas wells. The undeveloped portion of North Bindloss project is particularly promising and should be evaluated in the relatively near future. Both this project, as well as others in the area, should be evaluated fully within the next year or so because of the promising gas prospects and the proximity of this acreage to the Trans Canada Pipelines. As the situation stands, it is planned that the first year's gas will all be taken by the Trans Canada Gas Pipeline from the Bindloss area.

"J. C. SPROULE" P. Eng.

901—8th Ave. West, Calgary, Alberta, November 28, 1956.

CERTIFICATE

I, John Campbell Sproule, consulting geologist, of 901—8th Avenue West, Calgary, Alberta, do declare:

1. That I graduated as a geologist from the University of Alberta with the degree of Bachelor of Science in the year 1930; I obtained the degree of Master of Arts at the University of Toronto in the year 1931; and I obtained the degree of Doctor of Philosophy in Geology from the University of Toronto in the year 1935.

2. That I am a Fellow of the Geological Society of America and of the Geological Association of Canada, a Member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists and the Society of Economic Paleontologists and Mineralogists, and that I am a registered Professional Engineer for the Provinces of Alberta, Saskatchewan, British Columbia and Manitoba.

3. That I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the attached "Report on the Petroleum and Natural Gas Reserves and Holdings of Cabanga Developments Ltd., as of October 31, 1956," dated November 28, 1956, nor have I any interest, present or expected, in the securities of the Company.

4. The above report is based on my geological and other general knowledge of the areas described above, and that of my Associates, and upon a consideration of all available data on wells drilled in adjacent areas, and upon examination of electric logs and available production engineering data on wells in the vicinity of the aforementioned properties.

"J. C. SPROULE" P. Eng.

January 10, 1957, 901—8th Ave. West, Calgary, Alberta.







